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STATINTL

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The secrecy game

Secrecy in government, either to protect bureaucratic bumbling or for legitimate protection of vital national defense and foreign policy documents, is an issue that will not go away. The balance between an informed public and government censorship is not easy to strike.

One of the latest proposals comes from Rep. William S. Moorhead, Pennsylvania Democrat, who introduced legislation intended to give "top secret" documents only three years to live outside of public scrutiny. He claims that President Nixon's directive revamping the security system is "unworkable, unmanageable and filled with technical defeats and massive loopholes." The bill would create a nine-member independent regulatory body and give it extensive power over the security classifying system of the executive branch. Top-secret stamps

would go only to top officials in the White House, State Department, Pentagon, Central Intelligence Agency and Atomic Energy Commission.

The only exemption would be provided for highly sensitive national defense data, such as codes and intelligence sources. They could be hidden only when invoked by a president or top official, and even this would need approval of the new commission.

As with all good endeavors in this field, there is no reason to believe that it will be much more successful than previous attempts. The first obstacle is the imperfectability of human judgment. What should be secret to one may not even be classified as restricted by another. The temptation to hide one's errors of omission or commission is well-nigh irresistible.

Once set in motion, a classification system seems to develop a life of its own. Any attempt to reclassify the 85 million or more documents in the Pentagon, for instance, would require a substantial army of intelligent men of mature judgment, working in shifts around the clock for many, many years.

The best hope of these reform efforts is that it will make officials hesitate to classify indiscriminately. The final hope is that good common sense will be applied to the issue of security classification, rather than the whims of vain, egotistical men of little minds.

7 AUG 1972

STATINTL

Intelligence Men Move Into State Dept.

By Jack Anderson

An estimated 1,500 intelligence agents have quietly infiltrated the State Department where they carry on their spying activities in diplomatic garb.

Operatives from the Central Intelligence Agency, Defense Intelligence Agency and National Security Agency have taken over many key posts.

This has caused considerable grumbling and grievances among old-line foreign service officers. They have charged privately that promotions have been rigged, transfers arranged and even a few resignations forced to clear foreign service officers out of the way so intelligence agents can take over their jobs.

One grievance case, hushed up by the State Department, involves foreign service officer Charles Anderson, who claims he was bumped from his political job in Sofia to make room for a CIA agent. When Anderson complained about the transfer, he got a low efficiency rating for his pains.

Anderson refused to comment, but his friends told us about his grievance. Other

State Department sources described how the cloak-and-dagger boys were moving into the diplomatic service. The 1,500 figure came from personnel officers. An official spokesman, however, refused to comment on the number of CIA and related spies in the department.

Bank Benefits

The nation's tax laws have sprung so many leaks that half the money due the government now escapes into the pockets of the privileged. Treasury experts claim the tax rate could be cut in half, without reducing federal revenue a single cent, if Congress would only plug the tax loopholes.

Instead, Congress keeps poking new loopholes in the laws until the taxpayers have their dander up.

Few special interests have wangled more benefits out of Congress than the banking lobby. Banking legislation is handled by the Senate and House Banking Committees, which always seem to be dreaming up new benefits for the banks.

For Tuesday, Senate Banking Chairman John Sparkman

(D-Ala.) has scheduled a closed session to consider the latest bonanza for the banks. This bill, carried on the Senate docket as S-3652, was actually drafted by the American Bankers Association.

A Senate staff study, dated Aug. 1 and stamped "Confidential," calls the bill "the most unconscionable example of special interest legislation (we) have seen" recently.

The staff estimates that the bill "could cost the states as much as a billion dollars a year in tax revenues and possibly more."

Citing figures supplied by the Federal Reserve Board, the memo alleges that the average business firm has a relative state and local tax burden four times greater than commercial banks. It adds:

"Once state legislatures wake up to this great disparity, they might very well seek to raise the low level of taxes paid by banks. If banks were taxed at the same rate as other business firms, state and local tax revenues would be increased by \$2.2 billion."

This bill, warned the memo, would block the states from charging banks the same tax rates as other businesses.

A spokesman for the American Banking Association acknowledged that S-3652 had been drafted by the bankers but claimed it merely clarified recommendations made by the Federal Reserve Board. The bill was introduced, he said, by Sen. Wallace Bennett (R-Utah) at the request of the bankers.

Political Potpourri

George McGovern, in his search for a new running mate, first tried Ted Kennedy, then Hubert Humphrey. Both men turned him down but offered to campaign for him... Humphrey found his old friend McGovern despondent over the ordeal of choosing a running mate... McGovern never asked his former running mate, Tom Eagleton, for his opinion on a successor. But privately, Eagleton told us he thought former Democratic Party Chief Larry O'Brien was the best available man... McGovern was uneasy, incidentally, that headstrong members of the Democratic National Committee might not accept his recommendation and might put up their own candidate for Vice President.

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PARADE'S SPECIAL

STATINTL

INTELLIGENCE REPORT

BECAUSE OF VOLUME OF MAIL RECEIVED, PARADE REGRETS IT CANNOT ANSWER QUERIES ABOUT THIS COLUMN.

EDITED by LLOYD SHEARER

TASS IN MALTA First resident correspondent of a foreign newspaper in Malta turns out to be a Tass correspondent from the Soviet Union, Mr. W.V. Mkritchian.

For some time now the Soviets have attempted to set up an embassy in Malta, but according to Malta's Prime Minister Mintoff, "I do not think the Soviet Union yet needs an embassy here."

Correspondent Mkritchian's reason for opening a Tass agency in Valetta, Malta's capital city, is "because Malta is becoming a major international issue from time to time."

It is no secret that Tass correspondents are frequently members of the K.G.B., the Soviet security apparatus, in much the same way that members of our C.I.A. are frequently attached to U.S. embassies abroad.



Fulbright: No time for relics

A modest little pamphlet put out by the U.S. Information Agency ten years ago said that USIA "tells America's story abroad." How simple it seemed: Uncle Sam reciting "Once upon a time in 1776 ..." to an underdeveloped nation on his knee. It's a different story today, as our propaganda machine tries to find the right words and the right tone of voice for a period in which the nation is simultaneously at war, at peace and at odds with itself.

In Washington last week, USIA won approval of its new budget at the current \$200 million level, but only after the Senate restored cuts made in committee that would have reduced the agency's film and print activities and all but dismantled the Voice of America. The authorization squabble grew out of continuing rivalry between Congress and the White House over foreign affairs, and a running feud between USIA director Frank Shakespeare, a conservative former network executive who helped design President Nixon's TV image in the 1968 campaign, and Sen. J. William Fulbright, chairman of the Foreign Relations Committee and a critic of USIA since its inception in 1953. While the showdown vote was an Administration victory, it did nothing to clarify such questions as how good or bad our propaganda actually is today, how it should change or evolve in the 1970s, and whether Americans should be able to see and hear it themselves.

Theoretically, the law protects the American public from being propagandized at its own expense by forbidding USIA to show its wares on the home front. Exceptions have been made in recent years, however, and last month, despite objections by Senator Fulbright and others, Sen. James Buckley, the conservative New York Republican, showed a USIA propaganda film about Czechoslovakia on his TV show. After the broadcast, Fulbright's committee passed a measure that would reaffirm and clarify the ban on internal dissemination. Though the measure has no teeth, USIA is playing safe at the moment by withholding all its propaganda from the media until the issue is resolved. The

Propaganda: What We Say —And How

By Joseph Morgenstern

taxpayers, therefore, are either protected once again from Administration propaganda, or prevented from laying eyes or ears on the stuff for which they're paying \$200 million a year.

What do we really tell our friends and enemies abroad? What effect does it have? "Czechoslovakia: 1968," the Academy Award-winning short that kicked up the fuss on the Buckley show, is an efficient and particularly repellent piece of goods. Starting with sweetly pastoral (and occasionally fake) shots from 1918 and ending with the Soviet invasion of 1968, it reduces 50 years of history to thirteen minutes of short takes and shrewd juxtapositions that make strong appeals to the emotions and sometimes misrepresent history. Newsreel clips of the Soviet Army's liberation of Prague from the Nazis in 1945 are intercut with those of Hitler's occupation, suggesting one was as bad as the other when, in fact, Czech Communists and non-Communists alike greeted the Soviets with open arms. The film has no narration. The only word in it is *svoboda*, Czech for "freedom." The same style is used to comment on the Berlin wall in



USIA's Shakespeare: A need to know

"Barricade." These films are einematie, all right, but they're also slippery, furtive, and they raise the question of why a nation that's supposed to be open and truthful should rely on subliminal trickery to condemn the conduct of other nations.

"Vietnam! Vietnam!", produced by John Ford at a cost of some \$250,000, proved such an embarrassment in its few public showings abroad that it was withdrawn from circulation and awarded the oblivion it so richly deserved. Belligerently simple-minded, necrophiliac in its frequent close-ups of bloated corpses and mutilated children, the film subtly blames the Democrats for our involvement in Vietnam and makes the antiwar movement look like a pack of craven imbeciles. "The Silent Majority," made in 1969 but still in circulation, is a lumbering tract that makes much of a Gallup poll and reinforces its message of widespread support for the Nixon Administration with a smug, sanctimonious tone that might be worthier of a Salazar or Duvalier administration. Yet USIA, like the nation, speaks in more than one tone of voice. The most popular agency film in recent months is "President Nixon in China—A Journey for Peace." Its narrator, like its star, goes to great lengths to praise Chinese athletics, culture, schoolchildren and snow shovelers.

American Pastoral

The best of the agency's production of twenty to thirty films each year can be excellent indeed. "An Impression of John Steinbeck: Writer" looks at the man and his work, intercuts clips from the movie version of "The Grapes of Wrath" with scenes of Salinas, Monterey and the green paradise of a valley where Steinbeck grew up. "The Numbers Start With the River" is a life-affirming work, narrated by an elderly couple who've got all they need and love in the calm little town around them. By the nature of their subjects, however, such films look to the past and cherish landscapes and values that are fast disappearing. There's a lack of vitality in these American Pastoral works, and not much evidence in any other USIA films of what



America Illustrated: A sense of style

continued

Tough Break

Speaking of tax loopholes (as everyone does from time to time), the *Wall Street Journal* reported the other day that the U.S. Tax Court has ruled that a loophole permitting military officers in combat \$500 a month in tax-free income cannot be extended to CIA-types serving in Indochina. According to a recent ruling, a "civilian" pilot who carried a card identifying him as a "civilian noncombatant serving the Armed Forces of the U.S." and the equivalent of an Air Force colonel (should he be captured by the enemy) cannot be considered a military officer for tax purposes. If a U.S. court won't buy it, how can the military expect that from the Viet Cong?

NSC Urges Stiffer Law On Secrets

By Sanford J. Ungar
Washington Post Staff Writer

The National Security Council is proposing tougher regulations to keep classified information out of the hands of unauthorized government officials, defense contractors and the public.

It suggests that President Nixon may want to go as far as seeking legislation similar to the British Official Secrets Act, which would have the effect of imposing stiff criminal penalties on anyone who receives classified information, as well as on those who disclose it.

The recommendations are contained in the draft revision of the executive order that has governed the security classification system since 1953.

The draft was submitted to the Departments of State, Defense and Justice, the Central Intelligence Agency and the Atomic Energy Commission last month for their comments. A copy was obtained by The Washington Post yesterday.

After suggestions have come back from those agencies, a revised draft is expected to be sent to the President for approval on his return from China.

The National Security Council draft is the result of a year's work by a special inter-agency committee headed by William H. Rehnquist, formerly an assistant attorney general and now a Justice of the Supreme Court.

National Security Council sources said yesterday that Rehnquist's contributions to the revision were "very important." He did yeoman work.

Rehnquist resigned from the inter-agency committee when he was sworn in as a member of the high court last month, and he has not been replaced.

If adopted in its current form, the NSC draft would freeze the existing secrecy stamps on thousands of documents now in special categories exempt from automatic declassification over a period of 12 years.

The exempt documents now include "information or mate-

rial originated by foreign governments or international organizations," "extremely sensitive information or material" singled out by the heads of agencies and "information or material which warrants some degree of classification for an indefinite period."

The NSC draft abolishes special categories and introduces a "30-year rule" setting the time limit for declassification of all future secret government information.

The time period over which some documents would be automatically down-graded in security classification and eventually declassified would be reduced from 12 to 10 years.

Documents originally stamped "top secret" could be made public after 10 years. Those marked "secret" could be declassified after 8 years, and those with a "confidential" stamp after 6 years.

But before that time has passed, the NSC draft suggests, "classified information or material no longer needed in current working files" may be "promptly destroyed, transferred or retired" to reduce stockpiles of classified documents and cut the costs of handling them.

A House subcommittee investigating the availability of classified information has estimated the cost of maintaining secret government archives at \$60 million to \$80 million annually.

Although the special review of classification procedures was commissioned by President Nixon long before the top-secret Pentagon papers on the war in Vietnam were disclosed to the public last summer, the NSC draft reflects a number of the problems debated during the Pentagon papers episode.

Among the recommendations in the NSC draft are:

- Creation of an "inter-agency review committee," whose chairman would be appointed by the President, to supervise all government security classification activity and handle complaints from the public about overclassification.

- An annual "physical inventory" by each agency holding classified material to be sure that security has been strictly preserved.

- Establishment of a requirement that everyone using classified material not only have a security clearance, but also be restricted to "need for access" to particular items in connection with his perform-

ance of official duties or contractual obligations."

- Tighter control over "dissemination outside the Executive Branch" to such organizations as the Rand Corp. in California, which performs defense research under government contracts.

- Establishment of safe-keeping standards by the General Services Administration to assure that all classified material is appropriately locked up and guarded.

- Markings on every classified document to make it possible to "identify the individual or individuals who originally classified each component."

- Establishment of its own rules by every government agency on when and how it will make classified information available to Congress or the courts.

The NSC draft lists 41 government agencies which would have the authority to put classification stamps on documents and other materials. They range from the White House and Atomic Energy Commission to the Panama Canal Co. and the Federal Maritime Commission.

Several agencies which previously did not have such authority are added to the list, such as the White House Office of Telecommunications Policy and the Export-Import Bank.

Only two agencies—AC-TION, successor to the Peace Corps, and the Tennessee Valley Authority—are to be restricted to the use of "classified" stamps, and banned from classifying documents "top secret" or "secret."

Except for its final pages, which are stamped "For Official Use Only," the copy of the NSC draft obtained by The Post bears no security marking itself.

It is in the final pages that the National Security Council makes its recommendations for revising criminal statutes to deal with unauthorized disclosure of classified information. The President is offered three options:

- Leaving existing law unchanged.

- Revising one section of the federal espionage act to omit the requirement that disclosure, to be considered criminal, must be "to a foreign agent." The revision would make it a crime to disclose classified information to any unauthorized person.

- Seeking legislation like the British Official Secrets Act, which severely punishes those who disclose and receive classified information.

Touching on an issue that was repeatedly raised during the court cases involving the Pentagon papers, the NSC draft also instructs:

"In no case shall information be classified in order to conceal inefficiency or administrative error, to prevent embarrassment to a person or agency, to restrain competition or independent initiative, or to prevent for any other reason the release of information which does not require protection in the interest of national security."

Several judges ruled last summer that publication of the Pentagon papers, a history of American involvement in Vietnam, might cause embarrassment to government officials but would not endanger the national well-being.

The draft also substitutes the term "national security" wherever "national defense" was used in the previous regulation controlling the classification of information.

One expert on security classification said yesterday that national security is generally considered a broader term which permits the classification of more material.

The NSC draft also provides for classification of anything whose "unauthorized disclosure could reasonably be expected to result" in damage to the nation, a less stringent condition than was previously imposed.

The preamble to the draft states that "it is essential that the citizens of the United States be informed to the maximum extent possible concerning the activities of their government," but adds that it is "equally essential for their government to protect certain official information against unauthorized disclosure."

The draft, says the NSC, is intended "to provide for a just resolution of the conflict between these two essential national interests."

4 JAN 1972

STATINTL

Columnist Says Nixon Pressed Policy Against India

By TERENCE SMITH
Special to The New York Times

WASHINGTON, Jan. 3—President Nixon was "furious" with his subordinates during the recent India-Pakistan war for not taking a stronger stand against India, the syndicated columnist Jack Anderson reported today.

Mr. Anderson quoted Henry A. Kissinger, the President's adviser on national security, as having told a meeting of senior Administration officials: "I'm getting hell every half-hour from the President that we are not being tough enough on India."

According to Mr. Anderson, Mr. Kissinger directed that all United States officials "show a certain coolness" to the Indians. "The Indian Ambassador is not to be treated at too high a level," he is quoted as having said.

The quotations in Mr. Anderson's column today were the latest in a series of verbatim reports of secret White House strategy sessions dealing with the crisis that the columnist has published during the last several days.

His column is syndicated to 700 newspapers, 100 of them overseas. Mr. Anderson took over the column on the death of his colleague Drew Pearson in September, 1969.

The publication of the reports, which Mr. Anderson says are classified "secret sensitive," has infuriated the White House and unsettled national security officials.

Government sources confirmed today that an investigation had been started by the White House to determine who leaked the classified documents.

The sources said the new investigation, reportedly being conducted by the Federal Bureau of Investigation, is directed at individuals in the State and Defense Departments, and on the National Security Council staff who have had access to the notes quoted by Mr. Anderson.

The quotations published by the columnist are not official minutes of the meetings, but rather notes prepared by representatives of the various departments attending.

In a telephone interview today, Mr. Anderson said he had been given two complete sets of notes of the meetings of the Washington Special Action Group, a high-level strategy committee assembled during

crises, that dealt with the India-Pakistan conflict. The meetings were held in early December.

Notes by Pentagon Aides

The notes he has published so far, the columnist said, are from those taken for the Defense Department and are signed by two Pentagon officials.

Mr. Anderson said he had received scores of other classified documents, including secret intelligence reports and cablegrams, that he intended to publish during the next two weeks.

"I am trying to force a showdown with the Administration over their classification system," the columnist said. "Everything Kissinger does—even the toilet paper he uses—is being stamped 'secret.' That's not in the public interest in a democracy."

Mr. Anderson said neither he nor members of his staff had yet been questioned by Government investigators, but that he had "positive" information that the F.B.I. had already interrogated individuals at the White House and State and Defense departments in an effort to discover who had provided him with the documents.

Aide Declines Comment

Gerald L. Warren, the acting Press Secretary at the White House, declined today to say whether an investigation had been ordered. He also declined all comment on the Anderson columns.

In the column published today, Mr. Anderson quotes from notes taken during the Washington Special Action Group's meetings of Dec. 3, Dec. 4 and Dec. 8.

In the first session, he quotes Richard Helms, director of Central Intelligence, as saying the Indians were "currently engaged in a no-holds-barred attack on East Pakistan and that they had crossed the border on all sides."

"Dr. Kissinger remarked that if the Indians have announced a full-scale invasion," the column continues, "this fact must be reflected in our U.N. statement."

On Dec. 4, Mr. Kissinger is quoted as having said, "On AID matters the President wants to proceed against India only if it was referring to the Agency for International Development.

This instruction was amplified on Dec. 8, when, according to the column, "Dr. Kissinger stated that current orders are not to put anything in the budget for India. It was also not to be leaked that AID had put money in the budget only to have the 'wicked' White House take it out."

On Dec. 4, the Administration suspended its aid program in India.

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The CIA's New Cover

The Rope Dancer
by Victor Marchetti.
Grosset & Dunlap, 361 pp., \$6.95

Richard J. Barnet

In late November the Central Intelligence Agency conducted a series of "senior seminars" so that some of its important bureaucrats could consider its public image. I was invited to attend one session and to give my views on the proper role of the Agency. I suggested that its legitimate activities were limited to studying newspapers and published statistics, listening to the radio, thinking about the world, interpreting data of reconnaissance satellites, and occasionally

publishing the names of foreign spies. I had been led by conversations with a number of CIA officials to believe that they were thinking along the same lines. One CIA man after another eagerly joined the discussion to assure me that the days of the flamboyant covert operations were over. The upper-class amateurs of the OSS who stayed to mastermind operations in Guatemala, Iran, the Congo, and elsewhere—Allen Dulles, Kermit Roosevelt, Richard Bissell, Tracy Barnes, Robert Amory, Desmond Fitzgerald—had died or departed.

In their place, I was assured, was a small army of professionals devoted to preparing intelligence "estimates" for the President and collecting information the clean, modern way, mostly with sensors, computers, and sophisticated reconnaissance devices. Even Gary Powers, the U-2 pilot, would now be as much a museum piece as Mata Hari. (There are about 18,000 employees in the CIA and 200,000 in the entire "intelligence community" itself. The cost of maintaining them is somewhere between \$5 billion and \$6 billion annually. The employment figures do not include foreign agents or mercenaries, such as the CIA's 100,000-man hired army in Laos.)

A week after my visit to the "senior seminar" *Newsweek* ran a long story on "the new espionage" with a picture of CIA Director Richard Helms on the cover. The reporters clearly had spoken to some of the same people I had. As *Newsweek* said, "The gaudy era of the

adventurer has passed in the American spy business; the bureaucratic age of Richard C. Helms and his gray specialists has settled in." I began to have an uneasy feeling that *Newsweek's* article was a cover story in more than one sense.

It has always been difficult to analyze organizations that engage in false advertising about themselves. Part of the responsibility of the CIA is to spread confusion about its own work. The world of Richard Helms and his "specialists" does indeed differ from that of Allen Dulles. Intelligence organizations, in spite of their predilection for what English judges used to call "frolics of their own," are servants of policy. When policy changes, they must eventually change too, although because of the atmosphere of secrecy and deception in which they operate, such changes are exceptionally hard to control. To understand the "new Age espionage" one must see it as part of the Nixon Doctrine which, in essence, is a global strategy for maintaining US power and influence without overtly involving the nation in another ground war.

But we cannot comprehend recent developments in the "intelligence community" without understanding what Mr. Helms and his employees actually do. In a speech before the National Press Club, the director discouraged journalists from making the attempt. "You've just got to trust us. We are honorable men." The same speech is made each year to the small but growing number of senators who want a closer check on the CIA. In asking, on November 10, for a "Select Committee on the Coordination of United States Activities Abroad to oversee activities of the Central Intelligence Agency," Senator Stuart Symington noted that "the subcommittee having oversight of the Central Intelligence Agency has not met once this year."

Symington, a former Secretary of the Air Force and veteran member of the Armed Services Committee, has also said that "there is no federal agency in our government whose activities receive less scrutiny and control than the CIA." Moreover, soon after Symington spoke, Senator Allen J.

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CIA gets hung up

It has been a joyful occasion, the return to the United States from Communist China prisons of Richard Fecteau of Lynn and Mary Ann Harbert of California.

As thankful as everybody is, however, let there be no outpouring of gratitude toward the People's Republic. Mr. Fecteau, it should be noted, served 19 years of a 20-year term, and Miss Harbert was imprisoned for three years on as yet no known charge.

Indeed, were it not that other Americans are in the People's Republic's custody, an inquiry should be instituted on what happened to Miss Harbert's sailing companion. The fact that he still was being "questioned" more than a year after his arrest by the Chinese, and thereafter allegedly committed suicide, suggests he was receiving anything but normal treatment.

The other regrettable aspect of these developments is that the United States apparently is caught in the unfortunate position of having maintained throughout the years of Fecteau's imprisonment that he was not engaged in espionage when apprehended, whereas his former wife now flatly states the Chinese were "not lying" when they charged he was.

Persons who volunteer for Central

Intelligence Agency employment must agree, it is to be presumed, that if their cover is exposed they cannot expect their government to immediately admit they were spies and beg for consideration. It might even invite harsher punishment, in fact, to do so.

But it does seem that in these many years, the CIA or the State Department would have found some method of getting out from under the apparent false disavowal on Fecteau. Perhaps some effort was made. If so, the facts should be reported—the CIA couldn't lose any more face than it has over this case.

The Soviet Union initially denied that the late Rudolph Abel was in espionage work. But once he was imprisoned here, Moscow made such a mighty effort to obtain his release, exchanging for him the prisoner of prisoners, U-2 pilot Gary Powers, symbol of years of Soviet frustration, that it was tantamount to admitting Abel's spy role. The Soviet escaped a little more gracefully than President Eisenhower, who first lied about Powers' duties.

Espionage is always a heroic occupation, but as a business between nations it would be less sordid if some method could be found to avoid the lie when it is uncovered.

STATINTL

Unusual Scheme Proposed To Gain Downey's Freedom

Free Press - Gannett Service

WASHINGTON — President Nixon's aides have begun weighing the pros and cons of an unusual scheme to gain freedom at last for imprisoned American John T. Downey, 41, by providing a "face-saving" formula for Chinese Communist leaders.

Under the plan President Nixon, during his Feb. 21-28 visit to mainland China, would propose to the Chinese leaders that Downey, of New Britain, Conn., be paroled into the President's personal custody.

Further, Nixon would concede that when Downey was captured during the Korean war in November 1952, Downey was in fact working for the Central Intelligence Agency (CIA), as the Chinese have insisted all along. That would represent the "face-saving" part of the formula.

Administration officials maintained a closed-mouth attitude Tuesday about the Downey case and the cases of two other Americans known to be languishing in Chinese prisons. They saw some ray of hope, however, for the release of the trio.

On Monday, the Chinese Communists surprised the world by releasing Richard Fecteau, 44, of Lynn, Mass., and Mary Ann Habert of Menlo Park, Calif., as a gesture to improve the atmosphere in advance of President Nixon's visit.

At the same time, they commuted the life sentence of Downey to five years.

All of this was an outgrowth of National Security Adviser Henry A. Kissinger's recent discussions with Chinese Premier Chou En-lai to lay the groundwork for the President's forthcoming Peking talks.

The arrangements provide for "free-wheeling" discussions among the President, Premier Chou and Communist party Chairman Mao Tse-Tung.

This would seem to leave room to bring up the Downey case and that of two servicemen also remaining in Red Chinese captivity — Air Force Capt. Philip E. Smith and Navy Lt. Robert Flynn.

The White House and the State Department have been urged to use the "face-saving" formula by Downey's relatives and friends, including Sean Downey of McLean, Va., and the prisoner's old Yale classmate, Jerome A. Cohen, now a faculty member at Harvard Law School.

"I have argued that the question of whose face is saved is important.

saving a life," Sean Downey said in a telephone interview. "I have received some encouragement from the White House.

"The State Department's reaction has been more conservative. The word you get there is that the situation is very delicate and they don't want to rock the boat.

"This is really a tragic situation. John Downey was an honor graduate from Yale in 1952. He was a football player and a

wrestling champion — a young man of great promise — yet he has hardly enjoyed a year of adult life."

Downey and Fecteau were captured 19 years ago. At the time, American officials identified them as civilian employees of the U.S. Army whose aircraft disappeared on a flight from South Korea to Japan.

The Chinese Communists insisted Downey and Fecteau actually were CIA agents who were attempting to set up guerrilla bases in northeast China.

As long ago as last summer, Cohen proposed the United States admit Downey and Fecteau were spies in an effort to secure their freedom.

The question arises whether the face of the United States government is involved. The State Department is sticking to its story that the Chinese Communist charges against Downey and Fecteau were trumped up.

But Fecteau's divorced wife, Margaret Fecteau, held a news conference at her Lynn home Tuesday and was quoted by several Boston area newspapers as saying "The Chinese haven't been lying" about the spying charge. Later, however, she denied having made that comment.

Sean Downey, a business consultant who also does consulting work with the Justice Department on community relations, had no patience with the State Department's public attitude.

"What harm can be done now in admitting whatever mission John was on?" Sean Downey asked. "You just about have to assume he had some link with the CIA. What does the phrase 'civilian employee of the U.S. Army' mean if it doesn't mean something like that?"

The two Downey cousins are almost the same age and have always been particularly close. From 1941 to 1947, they lived just two doors away from each other in Wallingford, Conn.

Red China Already Turning U.N. Into Subversion Base

Red China's 22-man United Nations delegation received a tumultuous reception upon its arrival in New York last week, with the press seeming to tumble over itself with compliments for the "high quality" of Mao's diplomatic representatives. But even as the new delegation was being hailed by various groups in this country, evidence is accumulating that Red China intends to employ the U.N. as a major tool for promoting Maoist-style espionage and subversion. Consider the following:

- China's Deputy Foreign Minister, Chiao Kuan-hua, head of the first Peking delegation to the U.N., is believed to have once been an important intelligence operative for Peking. Chiao, for instance, worked for several years with the New China News Agency, which since its inception has been operating as a conduit for intelligence and a cover for espionage.

David Wise and Thomas B. Ross in their well-regarded book, *The Espionage Establishment*, stress that "the main thrust of NCNA's activities is of a diplomatic or intelligence nature, as can be seen from the operations of its busier correspondents." Those named among the busier: Chiao Kuan-hua. Moreover, Chiao openly hinted in his remarks to the American press last week that his country would be actively engaged in promoting subversion by supporting "oppressed peoples and nations in their just struggles to win freedom and liberation. . . ."

- Chiao's deputy, Huang Hua, the permanent head of the delegation and now ambassador to Canada, also has a long history of engaging in subversive activities. Indeed, as HUMAN EVENTS has pointed out previously and DeWitt S. Copp elaborates on page 13, he is a gifted saboteur and espionage artist. Aside from helping to author the germ warfare charges against the United States in Korea, Huang was instrumental in turning Ghana in the early 1960s into a Peking base of operations against pro-Western countries in Africa.

As Rep. John Buchanan (R.-Ala.), a member of the Foreign Affairs Committee, has said: "From 1960 to 1965 he served officially as ambassador to Ghana but was, in fact, ambassador-at-large promoting Red China and Communist revolution throughout Africa and was an important factor in the Brazzaville (Congo) takeover in 1964."

Before Huang Hua received his U.N. appointment, Rep. Buchanan prophesied that he was "being groomed for the day when China is admitted to the United Nations or the United States follows Canada's lead in granting diplomatic recognition. Then he will be able to encourage and promote revolution in the United States with one hand, while, in keeping with



The Red Chinese delegation arrives in New York to take its U.N. seat. At top is chief delegate Chiao Kuan-hua, while at bottom is top Mao agent Kao Liang.

China's two-faced policy, he superficially promotes trade and travel and 'better relations' with the other."

Equally indicative of the role that Red China is likely to play at the U.N. is that Kao Liang, head of Red China's advance party at the United Nations, is a well-known espionage agent who has fostered revolutions throughout Africa. While ostensibly serving as a journalist for the New China News Agency, Kao has been one of Peking's top men in organizing "united fronts" among radicals and in channelling funds, weapons and advice into groups eager to topple foreign governments.

U.S. intelligence maintains a thick file on this "journalist" who was kicked out of India in 1960 for "tendentious reporting" and expelled in 1964 from Mauritius, an island nation off the African mainland.

As authors Wise and Ross have written about Red China's U.N. advance man: "Taking up residence in Dar-es-Salaam, the capital of Tanzania, in 1961, Kao carried his intrigues the length and breadth of Africa.

"In Dar he lived much too well for a newspaperman. His house and his car were too big, his parties too frequent and his bankroll too large. In short, his lavish ways exposed his cover, as similar habits have sometimes betrayed CIA men, but it seemed to trouble him not at all. In fact, he openly asserted more importance than that of an NCNA correspondent and once checked into a hotel in Burundi as the

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No next assignment for this spy

BY POLK LAFFOON STATINTL

Once during the conversation his hands seemed to shake. He was lighting his second or third cigarette, rather a lot for the short time he had been talking. The nervous edge was peculiar — it didn't jibe with the kind of image Victor Marchetti had painted of himself.

A real-life spy who came in from the cold, Marchetti is a 44-year veteran of the Central Intelligence Agency who has just authored a book called "The Rope Dancer." The novel purports to show espionage work for what it really is, as Marchetti experienced it. What he described, while dressing last Tuesday morning, is hardly nerve-fraying.

"Not all spies are dashing, handsome, debonair," he said with anti-James Bond certainty. "The average spy is married and lives in the suburbs, belongs to the PTA, or is a scoutmaster." Marchetti was all of those things, and he indicated that his job was equally unextraordinary.

"I WORKED OUT of Washington, was permanently assigned to headquarters, and occasionally went on overseas assignments. For example, years ago we were interested in Soviet military aid, so I might go to Indonesia for as long as ten weeks, to try to get a better handle on what the Soviets were up to."

But most of the time, the ex-agent stressed, he was engaged in collating and interpreting vast supplies of information coming in from sources all over the globe. It was painstaking, arduous work, bureaucratic tedium that differed from corporate tedium only in that it dealt with national security instead of marketing strategy.

"The bulk of the information acquired today is through satellites, overhead sensors, and electronic sensors," Marchetti said, again subverting the martini-mistress mystique that permeates espionage literature. He added that much additional information comes through diplomatic and official channels, with newspapers and magazines providing most of the remainder."

FIDGETING RESTLESSLY, the aspiring writer smiled, and partially amended his de-romanticized "heresy."

"Maybe 10 per cent of all the people engaged in espionage work are back alley spies. But of these, 19 out of 20 are faking it under the cover of diplomacy. They try to acquire local agents in the country where they're working."

To the disillusionment of spy-novel aficionados everywhere, however, Marchetti emphasized that there are very, very few agents living overseas without cover, and that their contribution is of marginal value. "It's kind of like fishing — you throw them out and sooner or later you get a strike."

No clue to the speaker's own unease emerged as he discussed his idea for the book. "I was just sitting around talking with another agent. We were saying that things in the agency were so screwed up that it wouldn't be surprising to find that a Russian was running it. We meant it as a joke, of course, but that's where the book began."

WITH THE PUBLICATION of "The Rope Dancer," Marchetti terminated a long, distinguished career with the CIA. He was assistant to the director of the entire agency when he resigned, and prospects for the future were good. So why did he quit?

"I'd lost a great deal of faith in the agency and its policies. If I couldn't believe in it, I couldn't serve it," he said sounding more like a campus politician than a hardbitten "spy." In truth, Marchetti left for a variety of reasons, some of them intriguing for the insights they lend to the arcane workings of the CIA.

While hardly a decried, the government is spending far in excess of what it should for defense. He labels the \$50 billion poured into defense each year, and the \$30 billion more for Vietnam, as

absurd with the problems at home. It's ridiculous overkill. We're like two guys standing across the street from each other with triggers on mortars, cannons, and rockets. We don't need it," he said, looping his tie.

IN HIS VIEW, the same kind of thinking that led to the arms buildup is reflected in the structure of the modern CIA. "It's too big, too costly, with too much military influence," Marchetti says the quality of the agency's product — good data — has been diluted accordingly. "We need more control from within the organization, and more directly from the outside."

Separately, Marchetti condemns the "cold war mentality" that colors much of the CIA's thinking, and translates to poor estimates of the international situation. "Cuba is the perfect example," he said eagerly, recounting the misguided thinking that led the U.S. to back Batista against Castro under the mistaken assumption that most Cubans also were anti-Castro.

Then, he says, when Castro won after all, the U.S. labeled him a Marxist and forced him into Russia's embrace. "That's what's wrong with Vietnam and Laos today," Marchetti continues, "we're trying to support governments not representative of the people."

ALMOST TO THE end of his reasons for resigning from the CIA, the cheerful novelist finished dressing, and readied himself to face anew the rigorous publicity tour. And still he eluded any indication of why he seemed slightly edgy.

"I disliked the clandestine atmosphere one finds in an organization like the CIA," he said, finalizing the list. "What bothers me most is when some guys got restless in the CIA and military intelligence a few years ago. With groups like the SDS, the Black Panthers, and with civil unrest in general, people in the CIA began to wonder what they should do about it."

Drawing on yet another cigarette, Marchetti explained that such internal disorders are properly the job of the FBI or the army, not the CIA. Nevertheless, a vociferous minority of the agents — the "spooks" — he calls them — began to say, "We're the experts. We should do the work."

THIS RATIONALE could lead to trouble at home as it already has in numerous small countries pockmarked by CIA interference. Marchetti disliked the trendline, and resigned.

Gathering papers together to go meet his putative local representative, he mentioned that he was that he no longer is associated with an outfit involved in the conduct of the Vietnam war. He feels comfortable as he talks with his 17-year-old son, almost of fight the war, and a hearty disbeliever in it.

His clean conscience has been tempered by budgetary regrets, however. "I had to tell my son he wanted to go on to college, he'd have to manage the way I did, by working his way through," Marchetti regrets that he has to be careful in acquiescing wife's requests for new living room furniture.

The problem is that in leaving the CIA, and a high within it, Marchetti was exercising an uncommon id — at least uncommon in 44-year-olds with a wife, three children. He left a \$23,000-a-year job, with promise of substantially more soon, for the vagaries known of a writer's life.

Marchetti is morally at peace with himself. Who precisely the key to his restlessness. He has a second in the works, and a possible movie contract, and that's a spy without his next assignment.

Incomplete as received.

1 OCT 1971

CARL T. ROWAN

We Have to Stay in the Dirty Business of Spying

That bombshell out of Great Britain about the expulsion of 105 Soviet diplomats and officials for spying has had one predictable effect.

It has revived editorial comment and cocktail chatter about our own Central Intelligence Agency and the "coy-ers" it uses for spies. And it has aroused new spasms of naive comment to the effect that our country ought to get out of the cloak-and-dagger business.

Well, just as sure as Mata Hari was a woman, the expulsions will not halt massive Soviet spying in Britain -- or in the United States, at the United Nations or anywhere else.

Some Americans just can't get over the sanctimonious notion that spying is a dirty business that, like dandruff, we can wash right out of our hair.

Some spying is a sordid, dangerous, business. It involves blackmail, sexual entrapment, peeping tomism, double-crosses, political and character assassinations -- and outright murder.

Yet, spying is not nearly as bad as are some of the alternatives to having a good system of intelligence. Not many Americans would accept vulnerability to a sneak nuclear attack as the price for getting rid of spies.

The fact is that if we are to move closer to peace we are likely to go through a period of more spying rather than less.

Millions of sensitive, intelligent Americans deplore the fact that in the decade of the 1960s the United States and Soviet Union poured a trillion dollars into arms. These Americans know that we shall never rescue our cities or save man's environment or find a cure for cancer unless we can

stop the arms race and its mad waste of wealth.

But the glaring truth is that distrust stands in the way of a curtailment in the manufacture of horrible weapons, not to mention the destruction of those already in arsenals. Steps toward disarmament will proceed only as rapidly as intelligence procedures make it possible for rival countries to be reasonably sure that they will not be destroyed by the perfidy of a potential enemy.

As far ahead as man can see, the United States and the Soviet Union will launch sophisticated satellites whose fantastic cameras will record troop movements, missile emplacements, production centers for fissionable materials, weapons storage areas and other vital information bearing on the other country's (or China's) intentions.

It is taken for granted by American officials that the Soviet Union will keep 30 or so trawlers operating off the shores of the United States, their powerful, sensitive electronic gear intercepting U.S. diplomatic and military messages, picking up conversation at U.S. airfields and bases, or even plotting the noise patterns emanating from key U.S. cities.

The Soviets likewise take it for granted that the United

States will use ships like the USS Pueblo, special aircraft and other measures to conduct electronic intelligence -- and that it will go on spending billions to intercept other countries, messages and break their codes.

John F. Kennedy was frightened by Khrushchev at Vienna because intelligence told the young President that we were not as prepared to fight as we needed to be should the Russian carry out his threats regarding Berlin. Later, Kennedy could stand eyeball-to-eyeball with Khrushchev during the Cuban missile crisis because intelligence operations, including the U2 flights of the Eisenhower years, made it clear that the United States was stronger if it came to nuclear war. Moreover, our intelligence was such that we knew Khrushchev knew who was stronger.

President Nixon will go to Peking with greater feelings of confidence because sophisticated intelligence procedures have made it possible for him to know many things that the Chinese do not know he knows.

There are "puritans" who say that they can never accept this as a necessary activity, for to do so would be to compromise with immorality and indecency. So it becomes a ritual of cleanliness for them to launch attacks on the CIA and other American intelligence operations whenever a news item pops up to remind them of their revulsion to "dirty tricks."

But that story out of London is just another reminder of how mean the real world is -- and that the peacemakers very often are those who keep us alert to both the dangers, and the promises of that real world.

RECORD OF '68 DISCUSSION

STATINTL

The CIA Has 'Cover' Problems, Too

By JAMES DOYLE

Star Staff Writer

Early in 1968 a group including former officials of the Central Intelligence Agency and the State Department sat down after dinner at the Harold Pratt House, on New York's Avenue, to discuss some of the CIA's problems.

A record of their conversation shows that the particular concern of the group that night was how to provide a deeper cover for Americans gathering information by using non-governmental organizations as fronts.

The participants were members and guests of the prestigious Council on Foreign Relations, men who seem to direct foreign policy from within and without the government on a permanent basis, and publishers of "Foreign Affairs," the quarterly bible of American diplomacy.

A record of the discussion at the council's headquarters on that evening, Jan. 8, 1968, has been circulated to some newspapers by a group of self-styled radical scholars based in Cambridge.

It portrays with some new details the structure and the style of the American intelligence community. The document is timely in the wake of events last week in London, where 105 members of the Soviet community there, including employees from the Soviet embassy, trade delegation, tourist agency, Moscow Narodny Bank and Aeroflot Airline were uncovered as espionage agents, and banned from the country without replacements.

It was a fear of just such an incident, apparently, that dominated the conversation at Pratt House that night.

The U.S. "employees" whose cover constantly is endangered, the participants felt, are those who work in the American Embassies, trade delegations, and other U.S. agencies in countries around the world.

Richard Bissell, a former deputy director of the CIA who left the agency after the Bay of Pigs debacle, led the discussion. According to the record made available to The Star, he told his council colleagues that CIA

agents "need to operate under deeper cover."

Bissell recounted ruefully the uproar over the CIA's exposed funding of the National Student Association's overseas activities and said, "The CIA interface with various private groups, including business and student groups, must be remedied."

He noted that the problems of American spies overseas "is frequently a problem of the State Department."

"It tends to be true that local allies find themselves dealing always with an American and an official American—since the cover is almost invariably as a U.S. government employee," Bissell is reported to have said.

"There are powerful reasons for this practice, and it will always be desirable to have some CIA personnel housed in the embassy compound, if only for local command post and communications requirements."

"Nonetheless, it is possible and desirable, although difficult and time-consuming, to build overseas an apparatus of unofficial cover," Bissell is quoted as saying.

"This would require the use or creation of private organizations, many of the personnel of which would be non-U.S. nationals, with freer entry into the local society and less implication for the official U.S. posture."

Use Non-Americans

Bissell said that the United States needed to increase its use of non-Americans for espionage "with an effort at indoctrination and training; they should be encouraged to develop a second loyalty, more or less comparable to that of the American staff."

He added that as intelligence efforts shifted more toward Latin America, Asia and Africa, "the conduct of U.S. nationals is likely to be increasingly circumscribed. The primary change recommended would be to build up a system of unofficial cover. . . . The CIA might be able to make use of non-nationals as 'career agents', that is with a status midway between that for the classical agent used in a

and that of a staff member involved through his career in many operations, and well informed of the agency's capabilities."

An unidentified former State Department official responded to Bissell that he agreed with the need to change covers, noting that "the initial agreement between the agency and State was intended to be 'temporary', but nothing endures like the ephemeral."

Another participant noted that very little attention was paid to revelations of the CIA's use of supposedly independent operations such as "Radio Free Europe," he added, "One might conclude that the public is not likely to be concerned by the penetration of overseas institutions, at least not nearly so much as by the penetration of U.S. institutions."

This participant was quoted as saying, "The public doesn't think it's right; they don't know where it ends; they take a look at their neighbors." Then he asked whether "this suggested expansion in use of private institutions should include those in the United States, or U.S. institutions operating overseas?"

In response, clear distinctions were reportedly made between operating in the United States and abroad, and the suggestion was made by Bissell, "One might want CIA to expand its use of private U.S. corporations, but for objectives outside the United States."

Fund Demands Rise

The record of the discussion did not link comment and author, but did give a general identification of the men present. There also was a diligent removal from the authorized reporter's transcript of all specific references of agents, incidents and the like, with one noticeable lapse.

In a discussion of the effect of revelations that the CIA was financing U.S. labor union activities abroad, it was noted that these disclosures had simply increased the demand for such funds from overseas labor groups.

British Guiana labor unions

"were supported through CIA conduits, but now they ask for more assistance than before. So, our expectations to the contrary, there has been no damage."

Those present and taking part in the discussion included men who have journeyed back and forth between government and corporate work, most of whom have remained near the center of the foreign policy establishment.

They included Bissell, now an executive with United Aircraft Corp. in Hartford, Conn.; former Treasury Secretary Douglas Dillon; former CIA director Allen Dulles; Robert Amory Jr., a former deputy director of the CIA; Meyer Bernstein, director of international affairs for the United Steelworkers of America; columnist Joseph Kraft; former White House aide Theodore Sorensen of Kennedy and Johnson days; and Philip Quigg, recently resigned as managing editor of Foreign Affairs.

Facsimile copies of the discussion summary have been circulated by "The Africa Research Group," a dozen young scholars in Cambridge who take a radical dissenting view of U.S. foreign policy.

Reached at his home, Bissell confirmed the authenticity of the document.

He noted that in the discussion that night in New York, he had begun by saying that agent espionage was the least valuable of three main CIA missions, behind reconnaissance and electronic intelligence, the two areas where most CIA money is spent.

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Vietnam protests against Americans turn more violent

By KEYES BEECH

Chicago Daily News Service

SAIGON — Political unrest in this uneasy capital took a violent anti-American turn Saturday but threatened mass demonstrations against President Nguyen Van Thieu's Oct. 3 one-man presidential election failed to materialize.

One American GI was wounded by gunfire, four American sailors were beaten up and four American vehicles were fire-bombed by roving bands of South Vietnamese student radicals.

The GI was shot in the arm late Friday night as he was walking from the U.S. Army's 3rd Field Hospital near Tan Son Nhut Airbase to his barracks. His companion, another GI who was unhurt, said two shots were fired as four young Vietnamese sped by on two Hondas.

The four got away and there was nothing to indicate they were students.

A U.S. Navy chief petty officer died a few days earlier after he was evacuated to Japan for treatment of burns suffered when he was trapped in a parked pickup truck, which was fire-bombed in front of U.S. Navy headquarters.

Sailors struck

The four sailors were attacked at the same spot when their van was fire-bombed by students at noon Saturday.

As the sailors scrambled out of their burning vehicle, they were attacked by students wielding stones and bottles. The sailors fled.

One sailor required several stitches for injuries suffered when his head bounced against the windshield as the driver braked sharply to a stop when the van was hit by the fire bomb. Another sailor was treated for minor injuries after being knocked to the ground.

Up to now, the students apparently intended no physical harm to the Americans, being satisfied to set fire to empty parked cars.

The new outbreak of violence sharply underscored the U.S. military command's growing concern over increased anti-American incidents. Earlier in Da Nang, in central Vietnam, a GI driver fled for his life as a Vietnamese mob gleefully burned his jeep.

"The question is how much longer we can keep our men under control in the face of such provocations," said a U.S. senior officer. "So far, our boys have for the most part kept their cool, but they just don't think it's fair that the people they are here to help should attack them."

The students apparently switched tactics to hit-and-run attacks on American vehicles after their threatened all-out drive to block the Oct. 3 election failed to get off the ground.

4 vehicles burnt

The liveliest action took place on Le Van Duyet Street, near the Cambodian embassy, where three American cars and a South Vietnamese police Jeep were burned within a couple of hours.

One of the vehicles was a blue Ford station wagon identified as belonging to the U.S. Central Intelligence Agency. The two occupants, one in uniform and the other in civilian clothes, fled when the car caught fire.

But they returned a few minutes later, the civilian carrying a .45 caliber pistol and the uniformed man an M16 rifle, to recover some papers they had left on the front seat.

Masks borrowed

Acting with what most observers felt was commendable restraint, Vietnamese combat police drove off the students with tear gas grenades while Saigon police kept traffic moving.

At one point, a police officer fired several shots into the air to drive away the crowd and student radicals mingling with the curious.

No one was injured during this action.

But U.S. Army explosive experts arriving on the scene asked to borrow gas masks from newsmen before venturing into a cloud of tear gas.

STATINTL

Radio Free Staffers to Testify

CIA Funds Hot Issue

By JOHN P. WALLACH
News American
Washington Bureau

WASHINGTON -- Former American staffers of Radio Free Europe (RFE) are prepared to testify in Congress that they had to sign an oath refusing to divulge multimillion dollar Central Intelligence Agency (CIA) bankrolling of RFE on penalty of a maximum \$10,000 fine and 10-year prison sentence.

This and other disclosures, sources close to Sen. Clifford P. Case cautioned today, could seriously embarrass the Nixon administration if it decides to take an uncooperative approach to the Senate Foreign Relations Committee hearings, scheduled to begin on April 23.

CASE HAS spearheaded a Senate drive to strip RFE of what he charged in a recent speech were subsidies of "several hundred million dollars" from "secret" CIA funds which, the New Jersey Republican contended, have for 20 years made up almost the entire RFE budget.

In an attempt to force RFE and Moscow-bearing Radio Liberty (RL) to quit the pretense of acting as "private" organizations relying solely on voluntary contributions, Case introduced legislation in February to have both propaganda agencies funded through direct, acknowledged congressional appropriations.

Case has announced his intention to call to testify leading administration officials reportedly including Secretary of State William P. Rogers, Secretary of Defense Melvin Laird and CIA Director Richard Helms.

THE ADMINISTRATION is examining a series of options, ranging from fighting to maintain the status quo, which could turn the hearings into a parade of disclosures about the extent of CIA involvement, to congressional funding, in much the same manner as the Voice of America (VOA) is financed.

The most workable compromise now appears to be setting up a public corporation to run RFE. The corporation would be funded by Congress but would retain a semi-private character that would

allow the U. S. government, whenever convenient, to deny association with RFE policies.

Congressional sources stress that funding the corporation would not involve any new money since the government already is footing the bill. It would allow transferring the \$33 million annual subsidy from secret CIA coffers to the open, congressional appropriation process.

THE ADMINISTRATION review is considered so sensitive that the White House has ordered it take place in the supersecret "Forty Committee," also known as the "Covert Action Group."

Although chaired by National Security Council chief Dr. Henry Kissinger, the mechanism is used only when a subject is considered too hot to go to the President through regular SC channels.

The Chief Executive is known to have had personal ties to several of RFE's most prominent backers and to have strong feelings about RFE's importance in Europe.

Case's bill, which proposed amending the Information and Education Act to provide funds for RFE, has attracted bipartisan support from several senators, including, Harold Hughes, D-Iowa, Jacob K. Javits, R-N. Y. and J. William Fulbright, D-Ark.

They are prepared to press the issue as an example of the loss of congressional control over U. S. foreign policy.

CASE WAS understood to be ready to call former RFE staffers to testify that the CIA regularly assigned agents to two-year tours of duty at RFE headquarters in Munich, and that they masqueraded as accredited news correspondents on information-gathering missions all over Eastern Europe.

Other American employees were sooner or later required to sign a paper making them privy to the CIA connection, sources close to Case disclosed.

The document, they said, informed the Americans that RFE was a "project" of the CIA, that the CIA was "officially" informed and that if he

divulges the information he becomes liable for the maximum punishment under Section 793 (D), Title 50, of the U. S. Code.

This section proscribes penalties up to \$10,000 and 10 years in prison, for the "communication of classified information by government officer or employee."

STATINTL